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BIWEEKLY REPORT

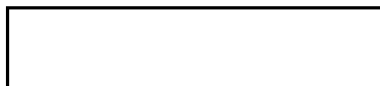
SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC-WGR 1/123

24 October 1960

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE



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Summary of Events
7-20 October 1960

The recent signing of Cuban-Bulgarian economic agreements further extends the scope of Bloc-Cuban economic relations. Thus far in 1960, Cuba has signed economic agreements with the USSR, Communist China, and all the European Satellites except Albania and Rumania. As a result, the Bloc has become the market for almost 40 percent of Cuba's sugar exports, Bloc technicians have assisted Cuba with development plans for certain industries, and some light manufacturing plants supplied by the Bloc will soon arrive in Cuba. In addition, the Bloc has furnished Castro with some small arms, tanks, antiaircraft guns, and jeeps. Other weapons, including aircraft, either have arrived or are expected in the near future.

The USSR appears to be shifting from its policy of neutrality in regard to the Algerian question to a more pro-rebel position. Along with Soviet de facto recognition of the rebel Provisional Algerian Government, which took place late in September, the USSR may be expanding its aid to the rebels, but cautiously, in order to avert a break with France. On 22 September the USSR announced that it would ship supplies worth \$500,000 (including machine tools, tractors, combines, and automobiles) for Algerian refugees in Tunisia and would provide technical training in Soviet factories to 120 young Algerians.

Following its proclamation of independence on 24 September, Mali (formerly Soudan, which, with Senegal, formed the short-lived Federation of Mali) has taken steps to expand its relations with the Bloc. Countries of the Bloc, in turn, have responded quickly to the opportunity afforded them to increase diplomatic and economic ties with the new African state. Mali has announced its intention to establish diplomatic relations with Communist China, North Vietnam, Czechoslovakia, and the USSR, in spite of the efforts in Bamako by representatives of Nationalist China and South Vietnam to obtain recognition of their governments. At the UN, Mali's representative so far has voted with the Bloc on virtually all East-West issues.

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The formal opening on 2 October of a sugar mill at Kantalai marks the completion of the first major Bloc project in Ceylon. The mill was constructed by the Czechoslovak corporation Technoexport and was equipped with Czechoslovak and Polish machinery. Soviet assistance is being utilized for the clearing of adjacent jungle land for sugar cultivation.

In response to the dictates of Soviet foreign policy, the Council for Mutual Economic Assistance (CEMA), heretofore primarily concerned with intra-Bloc economic activities, is becoming the center for organizing and coordinating the participation of the European Satellites in the economic offensive in underdeveloped areas. Specifically, CEMA has begun to develop a comprehensive program designed to promote and exploit the growing economic complementarity between the Satellites and the underdeveloped countries in support of the foreign policy objectives of the USSR.

The "University of Peoples Friendship" in Moscow officially opened its doors on 1 October, but there was almost total silence on the part of Soviet information media. This revealing lack of comment testifies to the inauspicious circumstances surrounding the latest effort of the USSR to augment its influence among the students of underdeveloped countries.

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